

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, October 27, 1999

FORCE ACCOUNT LABOR, SCHOOL FACILITY PROGRAM

PURPOSE OF REPORT

To present the issue of a district's use of Force Account Labor and if those expenditures are reimbursable under the School Facility Program (SFP).

BACKGROUND

Districts have requested clarification regarding the use of employees of the district to complete portions of projects funded through the SFP. It is the district's intention to reimburse the district expenditures for the cost of the district employees with funds received through the SFP.

Under the Lease-Purchase Program (LPP), it was the practice of the State Allocation Board (SAB) to recognize force account labor charges for a few selected services, such as surveys, inspection and other specialized services. The approval was contingent on a district demonstrating that the workers involved were in positions budgeted from categorical fund sources rather than the district's general fund. The Board was able to restrict the use of force account labor using various broad authorities granted under the provisions of the LPP. However, the SFP does not contain the same provisions, and it now appears that the Board no longer has the ability to place restrictions on the use of grant funds under the new program, assuming that it wished to do so.

LEGAL ANALYSIS

The SAB Legal Counsel has opined the following: *"Force Account Labor is authorized and governed by the Public Contract Code. The SFP does not change or impact those provisions, and (can) neither authorize or prohibit its use. State Bond funds may be expended in all manners prescribed by law, just like district funds. It is up to the district to ensure that all funds, including the bond funds, are expended appropriately and legally, in conformance with all requirements of the law."*

STAFF COMMENTS

Based on the findings and advice of legal counsel, it would appear appropriate to advise districts that the use of force account labor on SFP projects is permissible and subject only to laws already in place.

RECOMMENDATION

Provide that a district may use force account labor for the SFP provided that it is in compliance with the Public Contract Code and they ensure that all funds, including the bond funds, are expended appropriately and legally, in conformance with all requirements of the law.

BOARD ACTIONS

In considering this Item, the Board directed staff to:

- Develop a proposed regulation for districts to submit reports when force account labor will be utilized in a SFP project; and
- Bring the item back to a future SAB meeting.